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For Immediate Release:

San Bruno Calls New CPUC Recommendation a Step in the Right Direction to Punish PG&E

San Francisco—The City of San Bruno called a new legal filing by the California Public Utilities Commission's safety division "a step in the right direction to punish PG&E" in determining a proposed penalty against the utility company for its gross negligence that caused the Sept. 9, 2010 San Bruno explosion and fire.

The CPUC's safety division on Monday, July 8 asked to withdraw a controversial penalty recommendation and "correct certain inaccuracies" in its proposed penalty against the Pacific Gas & Electric Co. for the San Bruno explosion and fire.

The CPUC's safety division asked to revise its original – and now much maligned – \$2.25 billion penalty recommendation, which was announced with much fanfare in May but has since been revealed to provide huge credits and significant tax benefit rewards to PG&E. If the motion is granted, the division is anticipated to file its revised penalty recommendation by Monday. San Bruno would have until July 22 to file a response.

City officials, who have long demanded that PG&E pay the maximum for the tragic explosion and fire that took eight lives, destroyed 38 homes, and damaged scores more, called the motion to withdraw an important win for public safety.

"This is a step in the right direction for the people of San Bruno and for consumer safety advocates who, for almost three years, have waited for some measure of justice following this devastating and PG&E-made tragedy," said San Bruno Mayor Jim Ruane. "The CPUC's safety division is doing the right thing by revising its original penalty recommendation."

The CPUC's original \$2.25 billion penalty recommendation – the work of Jack Hagan, director of the CPUC's safety division – became mired in controversy after it was revealed to be 100 percent tax-deductible and littered with credits and perks to benefit PG&E, amounting in a net penalty of almost nothing for the utility.

Not one of the CPUC safety division's senior attorneys agreed to sign the original penalty recommendation, calling it "unlawful" and "contrary to what our team had worked to accomplish in the last two and a half years." Those attorneys were briefly re-assigned as a result of their protest, until leaked internal emails exposed deep divisions within the agency and raised serious questions about the conflicts of interest between the CPUC's leadership and PG&E.

San Bruno called for an investigation by the California Attorney General and the State Legislature and, bowing to political pressure, the CPUC's chief counsel and the lead attorney on the case, Frank Lindh, a former PG&E attorney, recused himself entirely from the investigation.

The previously re-assigned attorneys were put back on the case and, given the "unorthodox events that have transpired... and the confusion over which attorneys represent" the CPUC's safety division, those attorneys, now under new leadership, have requested to correct "certain inaccuracies," according to the filing.

San Bruno leaders are hoping this means the elimination of certain features favorable to PG&E that dominated the previous brief, including giving PG&E "credits" that would allow the utility to deduct for safety repairs made since the 2010 explosion and fire – a provision San Bruno asked to be struck in a separate filing made last week.

San Bruno has called for PG&E to be penalized a total of \$3.8 billion – or \$2.45 billion in after-tax dollars – the maximum financial consequences that the CPUC safety division experts determined it can bear. The City has also demanded that the CPUC direct PG&E to adopt and fund a series of remedial measures to ensure systemic regulatory change in the future. These include funding for a California Pipeline Safety Trust advocacy organization, an Independent Monitor to make sure PG&E follows its own safety plan in the face of possible lax enforcement, and the installation of lifesaving fully Automatic Shutoff Valves.

Ruane said although it's still unclear what will appear in the revised brief, the removal of the former – now bogus – proposal is an important "step in the right direction."

"We applaud those CPUC attorneys who displayed exceptional courage in their effort to uphold justice for the people and victims of San Bruno," Ruane said. "Thanks to their efforts, we have renewed faith that the outcome of this long, nearly three-year process, will end with PG&E feeling enough pain of penalty to take the safety of our communities seriously."